

**AUTHORITY FOR THE HANDICAPPED
OF SAN BERNARDINO COUNTY**



**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2006



SMITH MARION & Co.
CERTIFIED PUBLIC ACCOUNTANTS

AUTHORITY FOR THE HANDICAPPED OF SAN BERNARDINO COUNTY
FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2006

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Board of Directors
Authority for the Handicapped
of San Bernardino County
San Bernardino, CA

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheet of the Authority for the Handicapped of San Bernardino County as of June 30, 2006 and the related statement of revenues, expenditures, and changes in net assets - budget and actual and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority for the Handicapped of San Bernardino County as of June 30, 2006 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The management of the Authority of the Handicapped has elected to omit this information.

Smith Marion & Co.
September 26, 2006

**AUTHORITY FOR THE HANDICAPPED
SAN BERNARDINO COUNTY**

BALANCE SHEET

JUNE 30, 2006

ASSETS

Current Assets

Cash - held in trust	\$	86,664
Cash - designated		31,964
Total cash		<u>118,628</u>

Prepaid insurance

-

Fixed Assets (Net)

43,033

Due from other governments:

City of San Bernardino

17,707

County of San Bernardino

6,750

TOTAL ASSETS

\$ 186,118

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable \$ 5,611

Due to other governments:

City of San Bernardino

50,179

County of San Bernardino

8,355

Deferred revenue

11,980

Total Current Liabilities

76,125

Net Assets

Unrestricted -Designated

31,964

Unrestricted

34,996

Restricted

-

Investment in capital assets, net of related debt

43,033

Total Net Assets

109,993

TOTAL LIABILITIES AND NET ASSETS

\$ 186,118

**AUTHORITY FOR THE HANDICAPPED
SAN BERNARDINO COUNTY**
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

REVENUE	Budget	Actual	Over (Under) Budget
Rents			
Center for Individual Development	\$ 78,000	\$ 74,175	\$ (3,825)
North Norton Facility	38,935	37,633	(1,302)
Total Rents	116,935	111,808	(5,127)
Miscellaneous income	-	-	-
Interest	2,607	3,746	1,139
TOTAL REVENUE	119,542	115,554	(3,988)
EXPENSES			
Maintenance/custodial	10,440	99	(10,341)
Utilities:			
Gas	20,805	12,022	(8,783)
Electric	45,155	47,583	2,428
Water/sewer	23,770	24,457	687
Refuse	3,065	2,293	(772)
Security	3,025	2,880	(145)
Insurance	29,000	27,588	(1,412)
Total Facilities Expenses	135,260	116,922	(18,338)
Auditing of Joint Powers	2,050	2,050	-
County Counsel fees	500	313	(187)
Unrealized (gain)/ loss on investment	-	517	517
Depreciation	-	2,803	2,803
Repairs and improvements	4,944	-	(4,944)
TOTAL EXPENDITURES	142,754	122,605	(20,149)
Excess (Deficit) of Revenues Over Expenditure	\$ (23,212)	(7,051)	\$ 16,161
Beginning Net Assets		117,044	
Ending Net Assets		<u>\$ 109,993</u>	

**AUTHORITY FOR THE HANDICAPPED
SAN BERNARDINO COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES

Excess (deficit) of revenues over expenditures	\$ (7,051)
Adjustment to reconcile excess (deficit) of revenues over expenditures to net cash provided (used) by operating activities:	
Depreciation	2,803
Net increase (decrease) in accounts payable	(22,350)
Net increase (decrease) in due to/due from accounts	6,746
Decrease in prepaid insurance	23,012
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,160</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of fixed assets	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>-</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Decrease in interest receivable	(89)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(89)</u>

Net increase (decrease) in cash	3,071
---------------------------------	-------

Cash at beginning of year	115,557
Cash end of year	<u><u>\$ 118,628</u></u>

Components of Cash

Cash - Held in Trust	\$ 86,664
Cash - Designated	31,964
	<u><u>\$ 118,628</u></u>

AUTHORITY FOR THE HANDICAPPED OF SAN BERNARDINO COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

1 NATURE OF THE AUTHORITY

The Authority for the Handicapped of San Bernardino County was formed pursuant to a joint powers agreement dated October 16, 1978 between the City and County of San Bernardino. The purpose of the Authority is to provide for maintenance, utilities and other costs of the Center for Individual Development and the North Norton Facility through rental agreements with the City and County of San Bernardino.

These financial statements include only the financial transactions related to the Authority as it pertains to the maintenance, utilities, and related costs. The Center for Individual Development is an autonomous nonprofit corporation and maintains its own financial records for general operating activities. In addition, the City of San Bernardino and or the County of San Bernardino may grant funds for special projects or services. Payment for such projects or services are paid directly by each respective granting agency and accordingly, is accounted for by those agencies.

2 SUMMARY OF ACCOUNTING POLICIES

The accounting policies of the Authority for the Handicapped conform to generally accepted accounting principles as applicable to government units. The following is a summary of significant policies:

A Accounting Method

The financial statements of the Authority for the Handicapped are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The authority reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B Budgetary Accounting

During the fiscal year, a budget is adopted by the Board of Directors as a management control device. It is prepared on a basis consistent with generally accepted accounting principles.

C Cash

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase.

D Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E Cash and Investments

Investments are reported in the accompanying balance sheet at fair value.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

F Fixed Assets

Fixed assets costs are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. Estimated useful lives range from 5-25 years. Fixed assets that cost \$5,000 or more are capitalized.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3 DESIGNATED CASH

The Authority has designated \$31,964 for future repairs and maintenance to the buildings

4 FIXED ASSETS

A summary of the fixed assets for the year ended June 30, 2006 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	\$ 46,705	\$ -	\$ -	\$ 46,705
Accumulated depreciation	(869)	(2,803)	-	(3,672)
Total	<u>\$ 45,836</u>	<u>\$ (2,803)</u>	<u>\$ -</u>	<u>\$ 43,033</u>

The depreciation expense for the year ended June 30, 2006 was \$2,803